



Preparing for Retirement

RSA October 2008

Secure a Better Tomorrow

Join the RSA-1 Deferred Compensation Plan Today

RSA-1 is a deferred compensation plan offered by the Retirement Systems of Alabama (RSA). As an RSA member, you can defer a portion of your income before taxes and have that money invested by Dr. Bronner and the RSA investment staff. Both the amount you defer and the earnings on your investments are tax-deferred while adding to your future retirement and Social Security benefits.

The advantages of participating in RSA-1

- You invest for retirement while reducing your current income taxes.
- Your earnings are also tax-deferred.
- To our knowledge, RSA-1 is the only plan that absolutely charges **NO FEES** or any other charges to administer the plan. The reason is simple – RSA-1 does not pay any operating expenses such as salaries, utilities or rent. Some investors make the mistake of focusing only on their investment returns and ignoring fees. With RSA-1, neither your deferrals nor your earnings are ever reduced by fees or account charges.
- You may enroll at any time. The enrollment process is very easy. Just contact RSA-1 for an enrollment packet or download the information and forms from our Web site at www.rsa-al.gov.

Investing in RSA-1

- There are no minimum deferrals. You can put in as little as \$10 a month.
- You can increase, decrease, stop and restart your deferrals as often as you like, subject only to employer payroll requirements. No fees or penalties apply.
- A good time to join or increase your deferrals is when you receive a salary increase.
- If you commit to save early, the power of compounding allows you to accumulate more wealth.
- Dr. Bronner and his investment staff invest your monies in either fixed income investments, stocks or a combination of both. You decide the investment option in which your monies are invested.
- You can “catch up” on unused deferrals if you are within three years of your normal retirement age.

Distributions and Withdrawals

- Your designated beneficiary(s) is entitled to receive all remaining funds in your account in the event of your death.
- If your employer pays for sick and annual leave, you may defer those monies to your RSA-1 account.
- You have very flexible withdrawal payment options available. You determine the option most favorable to you. With rising health care costs for retirees, RSA-1 funds are a great way to help offset these costs.
- You can rollover your DROP account to RSA-1 at retirement to defer federal taxes on these monies. You can then use RSA-1's flexible withdrawal options.
- RSA-1 also accepts trustee-to-trustee transfers from other 457 deferred compensation plans.

Remember

- There are limits on the maximum amount you may defer per year.
- All deferrals must be payroll deducted.
- You must either retire or terminate employment to begin withdrawals except in extreme hardship cases.
- There are no penalties for withdrawals.
- Your tax burden will be at your current level of income, which in most cases is lower in retirement.

Why save?

- Experts estimate you will need around 70-80% of your final income at retirement.
- People live longer than ever before. If you live to age 65, you could expect to live 20 more years. You could easily spend 1/3 of your life in retirement.
- Inflation reduces your purchasing power.
- While some expenses will decrease in retirement, others such as medical expenses could increase.

Why not keep more of what you earn and at the same time put more to work for you.

If you have any questions about RSA-1, please contact RSA-1 through one of the following avenues:

- **By Phone**
877-517-0020 or 334-517-7000
- **To Request an RSA-1 Presentation**
Contact Judy Utley, 877-517-0020
- **By Fax**
Please send all faxes to: **Attention RSA-1 Division**
877-517-0021 or 334-517-7001
- **By E-mail**
rsalinfo@rsa-al.gov
When sending an e-mail, please include your full name, employer, home mailing address and daytime phone number.
- **By Mail**
The RSA-1 Deferred Compensation Plan
P. O. Box 302150
Montgomery, AL 36130-2150

Do not forget to visit the RSA Web site for more information regarding RSA-1 and its investment performance.

Prepared by the Communications staff of the Retirement Systems of Alabama.

To have your questions answered in "Preparing for Retirement", please address them to:

Michael Pegues, Communications
Retirement Systems of Alabama
P.O. Box 302150
Montgomery, Alabama 36130-2150
www.rsa-al.gov